

## **FY 1998 Enhanced Performance**

At the March 1997 EM Corporate Forum, RL was assigned an enhanced performance target of \$2.5 billion for the ten-year period 1997 – 2006. The goal was to achieve \$2.5 billion in efficiencies from the multi-year baseline and use the efficiencies to accelerate work scope. This target was further documented at the July 1997 Salt Lake City “workout”. RL also identified a FY 1998 “compliance gap” of \$98 million at the workout, which represented the unfunded work scope that was required to achieve compliance with Tri-Party Agreement milestones and DNFSB commitments. Specific efficiency targets for FY 1998 (part of the \$2.5 billion) were discussed at Salt Lake City in order to reduce the compliance gap. RL committed, via the EM Management Commitment, to a FY 1998 efficiency target of \$205 million. This section documents RL’s progress toward the FY 1998 and the \$2.5 billion efficiency targets.

The following table shows the enhanced performance that has been achieved and verified to date by the RL Contract and Finance Review Division (CFR). Total FY 1998 savings include the savings resulting from prior year actions (\$124 million); work scope deletions resulting from the FY 1998 Multi-Year Work Plan (MYWP) development process (\$53 million); FY 1998 execution work scope deletions (\$9 million); and the FY 1998 cost variance to date of \$22 million.

**Year-End Projections:** The savings resulting from prior year actions are fixed. These savings were previously reported to DOE-HQ as part of the “Paths to Closure” process and accepted and credited against the \$205 million target. CFR is currently working with the PHMC to validate \$38 million of savings from an indirect base reduction, but only \$8 million is included in the \$53 million of MYWP development savings. MYWP development savings may increase by year-end. It is also expected that the \$9 million of execution work scope deletions will increase by year-end. The current cost variance of \$22 million reflects a \$24 million prospective passback to the projects. It is not clear if the cost variance can be sustained.

CFR will continue to review the FY 1999 and future year data and will report progress in that area. Technology deployment savings will also be reported when work scope is deleted on a change request. Positive cost variances that are the result of technology deployment will be difficult to discretely identify and may not be reported as technology deployment savings.